

Minutes of the meeting of the Board of Directors of the Cook County Health and Hospitals System held Friday, March 28, 2014 at the hour of 8:00 A.M. at 1900 West Polk Street, in the Second Floor Conference Room, Chicago, Illinois.

I. Attendance/Call to Order

Chairman Carvalho called the meeting to order.

Present: Chairman David Carvalho, Vice Chairman Jorge Ramirez and Directors Hon. Jerry Butler; Lewis M. Collens; Ada Mary Gugenheim; M. Hill Hammock; Wayne M. Lerner, DPH, FACHE; Luis Muñoz, MD, MPH; Carmen Velasquez; and Dorene P. Wiese, EdD (10)

Absent: Director Reverend Calvin S. Morris, PhD (1)

Additional attendees and/or presenters were:

Gina Besenhofer – System Director of Supply Chain Management

Cathy Bodnar – System Chief Compliance and Privacy Officer

John Cookinham – System Chief Financial Officer

Claudia Fegan, MD – Executive Medical Director/Medical Director Stroger Hospital

Steven Glass – Executive Director of Managed Care

Randolph Johnston – System Associate General Counsel

Ram Raju, MD, MBA, FACS, FACHE – Chief Executive Officer

Elizabeth Reidy – System General Counsel

Deborah Santana – Secretary to the Board

Joyce Schoonover – System Director of Risk Management

Tom Schroeder – System Director of Internal Audit

John Jay Shannon, MD – Chief of Clinical Integration

II. Public Speakers

Chairman Carvalho asked the Secretary to call upon the registered public speakers.

The Secretary called upon the following registered public speaker:

1. George Blakemore Concerned Citizen

III. Board and Committee Reports

A. Minutes of the Board of Directors Meeting, February 28, 2014

Director Gugenheim, seconded by Director Hammock, moved the approval of the Minutes of the Board of Directors Meeting of February 28, 2014. THE MOTION CARRIED UNANIMOUSLY.

B. **Minutes of the Audit and Compliance Committee Meeting, March 12, 2014

Director Muñoz, seconded by Director Velasquez, moved the approval of the Minutes of the Audit and Compliance Committee Meeting of March 12, 2014. THE MOTION CARRIED UNANIMOUSLY.

III. Board and Committee Reports (continued)

C. **Minutes of the Human Resources Committee Meeting, March 21, 2014

Director Wiese, seconded by Director Muñoz, moved the approval of the Minutes of the Human Resources Committee Meeting of March 21, 2014. THE MOTION CARRIED UNANIMOUSLY.

D. Minutes of the Finance Committee Meeting, March 21, 2014

- Contracts and Procurement Items (detail was provided as an attachment to Board Agenda)

During the presentation of the Minutes, Chairman Carvalho noted that, at the Finance Committee Meeting, he had asked whether there might be more information to flesh out on request number 2 under the Contracts and Procurement Items; he has learned that the administration does not have all of that information right now. He stated that it is information that might be helpful going forward, so that information will be shared with the Board as it is accumulated.

Director Butler, seconded by Director Gugenheim, moved the approval of the Minutes of the Finance Committee Meeting of March 21, 2014. THE MOTION CARRIED.

Chairman Carvalho abstained and voted PRESENT on request numbers 1 and 9, under the Contracts and Procurement Items contained within the Minutes.

E. Minutes of the Quality and Patient Safety Committee Meeting, March 25, 2014

- Medical Staff Appointments/Reappointments/Changes

Director Collens, seconded by Director Muñoz, moved the approval of the Minutes of the Quality and Patient Safety Committee Meeting of March 25, 2014. THE MOTION CARRIED UNANIMOUSLY.

IV. Action Items

A. Proposed Resolution in recognition and appreciation of Dr. Ram Raju (Attachment #1)

Chairman Carvalho read the proposed Resolution into the record. He and the Directors each thanked and congratulated Dr. Ram Raju, Chief Executive Officer, for his efforts and achievements on behalf of the residents of Cook County.

Chairman Carvalho, seconded by all Directors present, moved the approval of the proposed Resolution in recognition and appreciation of Dr. Ram Raju. THE MOTION CARRIED UNANIMOUSLY.

B. Contracts and Procurement Items (Attachments #2 and #3)

The Board began its consideration of the items, beginning with request number 1. Gina Besenhofer, System Director of Supply Chain Management, provided an overview of the request. Dr. Raju and Steven Glass, Executive Director of Managed Care, provided additional information (Attachment #3). The Board reviewed and discussed the matter.

IV. Action Items

B. Contracts and Procurement Items (continued)

Ms. Besenhofer indicated that the dollar amount on the transmittal was incorrectly calculated; she noted that the briefing material is correct.

Chairman Carvalho noted that this contract has attracted a lot of attention, really more because of its size than because of its risk. The risky decision, if there was a risky decision on the whole CountyCare exercise, was the decision to have CountyCare, and to take that risk and sign the contract with the State to take a per-member per-month (PMPM) payment and operate as CountyCare. This is not a risky contract, it is simply a large contract, and it is large because it is a contract for a period of five years. 66% of this contract is going to be writing out checks to the provider who provides the care. Once someone enrolls in CountyCare, if they select a primary care doctor at a federally-qualified health center (FQHC), there is going to be a check written to that FQHC for services provided to that member. If the member is then admitted to Stroger Hospital, there is going to be a paper transaction to account for the services provided to that member. If the member is admitted to Northwestern Hospital, then there will be a check written to Northwestern Hospital for services provided to that member. As this is a once-in-a-career type of contract, Dr. Raju, Mr. Glass and the team have all brought in some outside expertise, people who are well-versed in this type of contracting, to help analyze this matter. He congratulated them on recognizing that is a very important thing to do; by bringing in outside legal, accounting and analytic expertise, this contract benefits from that good decision.

Mr. Glass responded to a question from Director Collens regarding the coordination of care for those members who may go in and out of eligibility for CountyCare due to reasons such as fluctuating income or health status. He stated that the health plan that pays is the plan that had the coverage and responsibility at the time service was delivered to that person. The health plans know who their members are; they receive a list of monthly membership. If CountyCare administrators receive a claim for someone who is no longer a CountyCare member that month, they would reject it because that person is no longer a CountyCare member. The more difficult risk is the patient care risk – what happens to that individual member when they have to move between coverage, and the coverage benefits might be different, or the network might be different. Mr. Glass stated that they have seen some real cases and examples of that already, particularly around individuals who qualify under disability. There were several CountyCare members who were believed to be able to qualify for disability coverage, so staff helped them to apply; when their disability coverage gets approved, it is often retroactive as well, but at that point in time staff has been working with that member for months and now all of a sudden they cannot help them, because they are not being paid to support them - that is the bigger risk. That goes back to why the administration has this vision of being able to offer multiple products, all for a multiple span of coverage, whether it be on Medicaid or the health insurance marketplace, because first and foremost, the System is that provider of care; the System's staff want to still be able to provide that support as a provider and still be able to get compensation for that.

Mr. Glass stated that, under the Waiver authority, which the System will have until June 30th, the capitation payment starts the first of the month of application; the System is able to bill fee-for-service for ninety days retroactive prior to that for any services provided at the System. Once the System moves into the Managed Care Community Network (MCCN) agreement, that changes and the System will fall in line with all of the other managed care plans - instead of being a retrospective capitation, it is a prospective capitation that depends on the date that the application was approved. If the application is approved within the first fifteen days of the month, it is the first of the month following; if it is the last fifteen days of the month, it is the first of the month two months later.

IV. Action Items

B. Contracts and Procurement Items (continued)

Director Hammock noted that uncompensated care has already dropped from 54% to 43%; he inquired whether it has been forecasted as to how much more that figure might drop. John Cookinham, System Chief Financial Officer, responded that staff could graph the decline that has been experienced and project it forward; however, it would be a guess, as the System will always be providing services for which it will not be paid, both to the undocumented population and for areas like Cermak Health Services of Cook County. Dr. Raju added that what is unpredictable is how many of the other providers will send their uninsured population to Cook County; that will be the unknown element.

Chairman Carvalho stated that the System's Mission Statement talks about this System being an advocate for the populations it serves, and one of the sections in the Enabling Ordinance references this Board's obligations as an advocate – going forward, that should include being advocates for the responsibility of other hospitals to meet their charitable care obligations and license obligations by shouldering a fair share of the responsibility for the uninsured, especially in light of how much of their current uncompensated care is going to convert to compensated care due to the Affordable Care Act (ACA).

Director Hammock inquired regarding emergency services provided to CountyCare members by providers outside of the network. Mr. Glass stated that, in emergency settings, if the provider is not a contracted provider, and in the absence of any other negotiated agreement, the System pays Medicaid rates.

Director Wiese inquired whether Medicaid has changed its system under which people are given documentation proving their coverage that only covered them for a period of thirty days. Mr. Glass responded that there have been some changes to the law regarding that; he believed that this varies under the different Medicaid plans, but under CountyCare, once someone is deemed eligible to receive Medicaid benefits, there is a redetermination period of one year from the initial determination. If there are any changes within that year, it is the beneficiary's obligation to notify the Illinois Department of Human Services of that change. Following further discussion, it was determined that Mr. Glass will inquire further regarding Director Wiese's question and will provide a response.

With regard to the information provided on the Medical Home Network (MHN) Accountable Care Organization (ACO), Director Lerner inquired how that ACO, in its formative state, will relate to CountyCare. Mr. Glass stated that working with MHN will help obviate some of the other problems; for example, MHN has started to create a common database where an entity will know quickly if one of its patients goes to another emergency room; when this occurs, the entity can work faster to bring that patient back for continued care within the entity, so that is an advantage. Dr. Raju stated that the System needs to transfer the risk to MHN, so that the providers work for them. The ACO for the outside network providers needs to be created so that they will all be in one area; this will ensure that they will follow the utilization plan and meet quality expectations, while making sure that it is a cost-effective way of providing care. The idea is eventually to transfer the risk from the System to the providers.

In response to Director Velasquez' questions regarding the status of the MCCN contract, Mr. Glass stated that the administration is in active negotiations with representatives from the State's Department of Healthcare and Family Services. He hopes to have the negotiations completed by April 30th; the Board can expect to see that matter in April or May.

IV. Action Items

B. Contracts and Procurement Items (continued)

With regard to key performance indicators, Mr. Glass stated that the CountyCare Director of Operations, Jerry Kiplinger, is charged with developing this; he, in partnership with the folks at IlliniCare, have already defined the indicators, in terms of the implementation phase, which is expected to take four months. They have also established some key performance indicators for the long-term management. Today the request is to continue negotiations and be authorized to enter into the contract with IlliniCare; once those activities have been completed, staff will return to the respective committees and to the Board as a whole for ratification of what they are recommending for key performance indicators, which would then be reported moving forward.

Director Velasquez referenced issues with delays in payments made by the State; she noted that this causes problems with cash flow for the vendors and recipients. Chairman Carvalho stated that, because of the Intergovernmental Transfer arrangement with the State, the System has had a unique relationship under which the State gives it the money more quickly. With regard to cash flow problems for other providers due to delays in payments from the State, it is most often because the State has to come up with 50 cents on the dollar for their share of the payment; while the federal government is happy to give their 50 cents, the State sometimes is struggling to get their 50 cents. Because in the System's situation the State does not have to come up with 50 cents on the dollar, historically the System has not had problems with receiving payment from the State. With regard to the System's responsibility to pay providers on a timely basis, Mr. Glass stated that the System's contractual obligation is that 90% of claims are to be paid within thirty days, and 99% of claims are to be paid within ninety days.

In response to Chairman Butler's inquiry regarding whether CountyCare covers care provided outside of the State of Illinois, Mr. Glass stated that if a member requires emergency care in Indiana, for example, and it is truly an emergency, under Federal law, the health plans are required to pay that. Once the patient gets stable, then IlliniCare staff can try to negotiate and manage the care. What would not be covered is if a member relocated to Indiana; they would no longer be eligible for CountyCare as it is an Illinois Medicaid program.

Director Collens inquired whether there will be an agreed-upon monthly payment per member to the medical home for managing that person. Mr. Glass responded in the negative. He stated that, currently, all of those contracts are set as fee-for-service – the System pays that provider when they bill the System for services provided to that member. In the future, the System may move to a monthly payment, so for the panel of patients that a provider has, the System would pay them a PMPM sub-payment. They would then be responsible for the management of care within that cost. The medical home is really a care model, not a financial model. Chairman Carvalho noted that a benefit to creating an MHN ACO would be to try to move the care model to also be a financial model. Mr. Glass stated that the hope is that the end result will be well-managed and healthy members; the focus is prevention and population management.

In response to Director Lerner's question regarding whether there will be a profit and loss statement prepared, Dr. Raju responded in the affirmative. He noted that, although the capitation payments are deposited into the Health Fund and payments are made by the County, financial information on CountyCare is reflected in the monthly financial reports that are presented to the Finance Committee.

Director Lerner, seconded by Director Collens, moved the approval of request number 1.
THE MOTION CARRIED UNANIMOUSLY.

Ms. Besenhofer provided an overview of request numbers 2 through 5. The Board reviewed and discussed the requests.

IV. Action Items

B. Contracts and Procurement Items (continued)

Director Lerner requested that the Minutes of this meeting reflect the support from the Board, not just for the contract, but for the work that has been done in the years past to get the System to this point, and for the vision for the future of this System.

Director Hammock, seconded by Director Gugenheim, moved the approval of request numbers 2 through 5. THE MOTION CARRIED UNANIMOUSLY.

C. Any items listed under Sections III, IV and VII

V. Report from Chairman of the Board

At Chairman Carvalho's request, the proposed Resolution to honor Dr. Raju (Item IV(A)) was considered at this time.

VI. Report from Chief Executive Officer

Dr. Raju provided his final report to the Board. His remarks were as follows.

**Dr. Raju Closing Remarks
CCHHS Board Meeting
Friday, March 28, 2014**

As I prepare to return to New York, thank you for your graciousness to allow me to speak the last time as the CEO of this iconic organization that was part of my life for the past 2 1/2 years. With great humility and a deep sense of gratitude, I want to share my hopes and aspirations as CEO of the Cook County Health & Hospitals System.

When I was growing up I was always wanted to be outgoing and popular, but I could hardly do that. I tried very hard to be outgoing and I simply could not do it... then finally today I obtained the title outgoing-I am the outgoing CEO of the Cook County Health and Hospitals System.

I don't know whether it takes a village to raise a child but one thing I do know that It takes a large corporation to keep me out of trouble. The fact that I not only kept my job but also found a new job shows that you guys have worked very hard.

When I came to Chicago, I knew that Cook County was one of the nation's oldest public health systems.

When I came to Chicago, I knew that this system had a noble mission and a storied history.

When I came to Chicago, I knew the reputation of the Cook County Health & Hospitals System in the health care community, nationally and internationally, and particularly among doctors, was stellar.

VI. Report from Chief Executive Officer (continued)

But what I under-appreciated was its commitment to cause of social justice...its resiliency...its deep-rooted mission to serve the most vulnerable amongst us...the neediest in our midst and the people who are left behind in our society.

I hope, in fact, I am certain that you will continue to support our medical education mission.

It is one of our major strengths.

It is something we excel in.

It is why just this year, we had nearly fourteen hundred applications for just 17 Emergency Medicine residency slots. Doctors want to train here.

Medical Education is a critical, a core mission of this organization. The training is unlike anywhere else in the Country and perhaps the world.

My hope is that you continue to thrive in training the next generation of physicians.

What sets us apart from other health care systems is that we care and take our mission as self-evident and non-negotiable.

I said and continue to maintain that we made abundantly clear that our mission is not for sale.

We are most known for our mission to serve anyone who walks through the doors, regardless of their ability to pay.

We provide more than \$500 million annually in uncompensated care.

Our mission is truly one of social justice. And sometimes that is where the rubber hits the road and the debate begins about whether we need public systems.

From time to time, editorial writers will pose the question or elected officials looking for budget-cutting measures will suggest reductions. All public systems go through this, and they are valid conversations.

But you, like I, believe that health care is a fundamental right....a civil right and human right.

But we still have to show value to the external stakeholders...the value we bring in...that we are financially prudent and responsible.

We need to show that the CCHHS transformation is well underway.

We should continue to inspire people about what we do and continue to articulate our values.

It is my hope that the new CEO will continue to carry that banner forward.

Continue to articulate the value we bring.

VI. Report from Chief Executive Officer (continued)

Never waver from the notion that we are a valued player in the health care discussions.

When I came to the system, President Preckwinkle, the Cook County Board and the System Board charged me with balancing the mission to serve everyone with the need to address the finances – no small task when more than half of our patients at the time were uninsured or underinsured. They asked that I implement some common sense business principles to get the financial house in order. To a large degree these charges – protecting the mission and financial stability - were competing interests.

I think we are on our way to achieving that.

But the issues remain.

The difference between being a public and private entity often gets in the way of vast improvements. Unlike a private company, we can't raise prices, we won't turn down customers and going back to the taxpayers for more money is just not an option. When decisions were made to hire more nurses or technicians to care for more patients, they were often done so at the expense of a new piece of cutting-edge medical technology, paving a parking lot or a simple paint job in a clinic.

Balancing the competing interests of our mission and our finances required us to think differently.

My hope is that everyone who seeks to make an impact on the System takes the time to really understand the system. Its challenges are very different from private and non-profit systems.

Part of that difference is how we pay for the care we provide. To use industry terms, we don't have the ideal payer mix. I talked about the competing interests of protecting the mission to care for everyone with the need to be financially responsible.

The Affordable Care Act has allowed us to do just that. The combination of common sense business principles combined with the influx of ACA revenue has truly turned us around financially. We have relied less and less on the County taxpayers for funding, but we are not naïve.

Somewhere the word 'subsidy' entered our vernacular. The County taxpayers, through the County Board, provide every unit of County government with a budget, yet the portion of funding CCHHS gets is called a subsidy.

The word subsidy is a misnomer...it implies that there are services we provide where the revenues don't meet the expenses and the 'subsidy' fills in the gap. The reality is that there are services that we are **charged** with providing...a public health department for suburban Cook County, caring for the 10,000 detainees at the jail and those at the Juvenile Center, and let's not forget that even in a post-ACA world, there will still be those who have no coverage that will turn to Cook County.

As long as the System is charged with providing these services, then they have to be paid for somehow.

VI. Report from Chief Executive Officer (continued)

My hope is that you will eliminate the word 'subsidy' from the budget discussion. We don't call the money to fund the jails or the courts or the highways a 'subsidy' and we shouldn't call the money used to fund health care a subsidy.

One of the main differences in private and public systems is the ability to invest. Health care was one of the last industries to adopt technology and allow it to drive the business. Doctors were concerned that technology didn't have the personal touch, that it couldn't replace what we could do at the bedside. Technology is a critical component to every aspect of health care, from registering a patient to sending an x-ray to a specialist across town for a second opinion. And while I am immensely proud of what we have accomplished here in terms of technology, the system has a long way to go.

My hope is that you will support technology in principle, in practice and in the budget, as it will go a long way toward improving outcomes.

Speaking directly to this Board, I want to say thank you. Thank you for your time, your leadership, your advice and your friendship. Accepting the role of a voluntary board in a public system is quite different than sitting on the board of a private entity. We don't have fancy retreats, stock options or any real perks.

Just donuts and coffee.

The role of the board is fast changing.

Competency-based boards such as this board is the future.

The constituency-based boards will not serve us in the new health care paradigm.

In the past, the board hired the subject matter expert as the CEO and the board held him or her responsible. The uncertain, uncharted post-ACA health care horizon is very different.

There is no tested play book...no perfect recipe ...there is risk all around.

I hope the board will continue to partner with the new CEO and take risks with him or her as we muddle through the new health care maze.

The future belongs to people who are not afraid to take risks.

As we take risk, we may fail now and then. In a system whose failures are magnified and accomplishments underplayed, the new CEO needs a partner and not just a supervising authority.

My hope is that you will continue to provide that partnership...rise and fall with the CEO and the System.

At the end of whatever is said and done, the success of the health system is measured through the patients' eyes.

My hope is that you will continue to instill this same 'greater good' mentality in future boards and always look at what's best for the patient.

VI. Report from Chief Executive Officer (continued)

At the center of patient care are the employees. All six thousand, seven hundred of them. These dedicated health care workers are also committed to our patients. They provide great health care under enormous pressure and they do so in a manner that would make you proud...always treating our patients with compassion and respect.

My hope is that you will continue the tradition of recognizing our employees and the great work they do at each of these meetings. It is a small but meaningful token of our appreciation for the care they provide to our patients.

Lastly, I want to talk about the patients we serve, the hundreds of thousands of patients we serve.

Last year

- more than 960,000 outpatient visits
- more than 380 ED visits every day or nearly 140,000 annually
- the busiest trauma center in Illinois and one of the busiest in the nation.
- we filled 1.4 million prescriptions – almost 4,000 per day. For comparison sake – we fill as many prescriptions in one month as the average Walgreens does in one year.

These numbers are staggering. But they are also reflective of the fact that people need health care and the uninsured largely turn to us to meet their needs. Many of our patients present to us after not having any care for years, even decades. They present with not one or two but often three or more chronic illnesses that, but for the fact that they have been largely left behind, could have been easily managed in a primary care setting.

Instead they show up in our emergency room needing an amputation because their diabetes has gone unmanaged for years.

My hope is that we continue to understand that we are in the business of health care, not the health care business.

It is patient care that matters most.

My final hope is that we treat each individual that comes through our doors as an individual with their own story, their own needs and their own hopes and that we do everything we can to help them realize their hopes.

It has been a great journey at Cook County... a journey which I never anticipated...a journey which left me a great sense of appreciation and awe for the wonderful people who toil day and night for the System and its patients. My goal was always to help them to make their jobs little easier...little more tolerable... little better than the day before.

Only time will tell how far I succeeded in that aspiration...but I leave with a great sense of fulfillment that I tried to contribute a little to this wonderful organization...great sense of pride that the organization is in the forefront of greatness...wonderful feeling of loving this organization and being loved back...all these have been a wonderful life experience.

VI. Report from Chief Executive Officer (continued)

On a personal note, thank you for letting me into your facilities and your divisions and most important letting me into your heart and homes....thanks for all the kindness and tolerance you have shown me...the feeling I promise I will never forget.

There are so many folks I need to thank...some of them are leaders and a lot of them are silent heroes. You know who you are and I know who you are. You also know how indebted I am to you. Thanks for your help and guidance.

I am lucky to have chosen a profession which brought me so much joy and fulfillment in my life. All the jobs I have had were fulfilling and rewarding but my present stop at CCHHS is the most inspirational.

With that, this has truly been the greatest job of my professional career. I want to thank this Board, the Cook County Board of Commissioners, particularly President Preckwinkle, Chairman Daley and Commissioner Butler, as well as my senior leadership team who operationalized this vision so perfectly. I am proud of what we have accomplished. I am proud to have been part of this and I look forward to watching you continue to thrive in the coming years.

When emotions run high and words fail you...you borrow from others.

I end with the borrowed quote from my life long hero President Abraham Lincoln, son of Illinois and our greatest president.

My friends, no one, not in my situation, can appreciate my feeling of sadness at this parting. To this place, and the kindness of these people, I owe everything. I now leave, not knowing when or whether ever, I may return, but I am not crying that it is over but smiling that it did happen.

Wish you all best of luck. You will always be in my heart and in my prayers.

VII. Closed Session Items

- A. Claims and Litigation**
- B. Discussion of personnel matters**
- C. Recruitment of Permanent Chief Executive Officer for the Cook County Health and Hospitals System**
- D. ****Minutes of the Audit and Compliance Committee Meeting, March 12, 2014****
- E. ****Minutes of the Human Resources Committee Meeting, March 21, 2014****

Director Lerner, seconded by Director Velasquez, moved to recess the regular session and convene into closed session, pursuant to the following exceptions to the Illinois Open Meetings Act: 5 ILCS 120/2(c)(1), regarding “the appointment, employment, compensation, discipline, performance, or dismissal of specific employees of the public body or legal counsel for the public body, including hearing testimony on a complaint lodged against an employee of the public body or against legal counsel for the public body to determine its validity,” 5 ILCS 120/2(c)(2), regarding “collective negotiating matters between the public body and its employees or their representatives, or deliberations concerning salary schedules for one or more classes of employees,” 5 ILCS 120/2(c)(11), regarding “litigation, when an action against, affecting or on behalf of the particular body

VII. Closed Session Items (continued)

has been filed and is pending before a court or administrative tribunal, or when the public body finds that an action is probable or imminent, in which case the basis for the finding shall be recorded and entered into the minutes of the closed meeting,” 5 ILCS 120/2(c)(12), regarding “the establishment of reserves or settlement of claims as provided in the Local Governmental and Governmental Employees Tort Immunity Act, if otherwise the disposition of a claim or potential claim might be prejudiced, or the review or discussion of claims, loss or risk management information, records, data, advice or communications from or with respect to any insurer of the public body or any intergovernmental risk management association or self insurance pool of which the public body is a member,” 5 ILCS 120/2(c)(17), regarding “the recruitment, credentialing, discipline or formal peer review of physicians or other health care professionals for a hospital, or other institution providing medical care, that is operated by the public body,” and 5 ILCS 120/2(c)(29), regarding “meetings between internal or external auditors and governmental audit committees, finance committees, and their equivalents, when the discussion involves internal control weaknesses, identification of potential fraud risk areas, known or suspected frauds, and fraud interviews conducted in accordance with generally accepted auditing standards of the United States of America.”

On the motion to recess the regular session and convene into closed session, a roll call was taken, the votes of yeas and nays being as follows:

Yeas: Chairman Carvalho, Vice Chairman Ramirez and Directors Butler, Collens, Gugenheim, Hammock, Lerner, Muñoz, Velasquez and Wiese (10)

Nays: None (0)

Absent: Director Morris (1)

THE MOTION CARRIED UNANIMOUSLY.

Chairman Carvalho declared that the closed session was adjourned. The Board reconvened into regular session.

Chairman Carvalho, seconded by Director Gugenheim, moved to approve a bonus payment to be made to Dr. Ram Raju, Chief Executive Officer, in the amount of \$50,000.00, in accordance with the previously agreed upon terms of his employment. THE MOTION CARRIED UNANIMOUSLY.

VIII. Adjourn

As the agenda was exhausted, Chairman Carvalho declared that the meeting was ADJOURNED.

Respectfully submitted,
Board of Directors of the
Cook County Health and Hospitals System

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
David Carvalho, Chairman

Attest:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
Deborah Santana, Secretary

Cook County Health and Hospitals System
Minutes of the Board of Directors Meeting
March 28, 2014

ATTACHMENT #1

**COOK COUNTY HEALTH AND HOSPITALS SYSTEM
BOARD OF DIRECTORS**

PROPOSED RESOLUTION

Sponsored by

**DAVID CARVALHO, CHAIR, JORGE RAMIREZ, VICE CHAIR,
THE HONORABLE JERRY BUTLER, LEWIS M. COLLENS, ADA MARY GUGENHEIM, M.
HILL HAMMOCK, WAYNE M. LERNER, DPH, FACHE, REV. CALVIN S. MORRIS, PhD,
LUIS MUNOZ, MD, CARMEN VELASQUEZ AND DORENE P. WIESE, EdD, DIRECTORS**

WHEREAS, Dr. Raju joined the Cook County Health & Hospitals System(CCHHS) as the Chief Executive Officer on October 2, 2011; and

WHEREAS, Dr. Raju was recruited to transform CCHHS into a patient-centered, financially stable organization in a post-Affordable Care Act World; and

WHEREAS, in his first two years with the Cook County Health and Hospitals System, Dr. Raju was instrumental in turning around the financial status of the system and placing it on a more sustainable path; and **WHEREAS**, under Dr. Raju's leadership, CCHHS received a meaningful use designation for the advancement in information technology, specifically the electronic medical record; and

WHEREAS, Dr. Raju's business acumen led to significant improvements in supply chain and contract management and the staffing of a performance improvement department, initiatives that will yield continued savings for taxpayers in the years to come; and

WHEREAS, Dr. Raju's commitment to the patient experience is reflected by the improved Hospital Consumer Assessment of Healthcare Providers (HCAHPS) scores and in the reduction of wait times in the Emergency Department to less than two hours; and

WHEREAS, the clinical improvements Dr. Raju implemented led to Joint Commission accreditation for Stroger and Provident Hospitals as well as the Ambulatory clinic network; and

WHEREAS, Dr. Raju's vision initiated the effort that would become CountyCare, an Illinois Medicaid program to provide health care coverage to low-income adults in Cook County in advance of the implementation of the ACA; and

WHEREAS, his recognition that patient are more likely to use care they can access near their home resulted in the development a network of more than 130 primary care access points by partnering with FQHCs, safety-net and community hospitals, academic medical centers and private doctors; and

WHEREAS, between February, 2013 and today, more than 140,000 applications for CountyCare have been initiated, signifying both Dr. Raju's focus on ensuring access to coordinated primary and specialty care and the pent-up demand for health care in the community; and

WHEREAS, as a result of the success of CountyCare, more than 82,000 Cook County residents have coverage today that did not just a year ago; and

WHEREAS, Dr. Raju has set in motion efforts to turn CountyCare, a demonstration project that ends on June 30, 2014, into a Managed Care Community Network, an Illinois designation that would allow current CountyCare members a seamless transition from the demonstration project to a permanent plan with the ability to remain with their current network of providers; and

WHEREAS, Dr. Raju has assembled a talented team of health care professionals who remain focused on patient safety and quality of care, the patient experience, adequate staffing and technology to drive both patient care and strategic decisions; and

WHEREAS, in two and one half years, Dr. Raju has garnered extensive support from both the CCHHS Board of Directors and the Cook County Board of Commissioners and is a nationally recognized leader in the arena of health care reform and public health; and

WHEREAS, Dr. Raju will return to New York to be closer to his family, particularly his wife, mother and two children; and

WHEREAS, in New York, Dr. Raju will continue his commitment to public health by serving as the President & CEO of the New York Health & Hospitals Corporation; and

WHEREAS, Dr. Raju's vision to ensure the future viability of the nation's third largest public health system, a system with a rich history and noble mission has come to fruition; and

WHEREAS, Dr. Raju will be greatly missed by all who had the opportunity to work with him; and

WHEREAS, the residents of Cook County owe him a debt of gratitude for his efforts to improve and increase access to care.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Cook County Health and Hospitals System, on behalf of the more than five million residents of Cook County served by the System, does hereby gratefully acknowledge Dr. Ram Raju for his extraordinary abilities, outstanding leadership and unwavering commitment to the transformation of the Health System in order to maximize access to quality medical care to all residents of Cook County.

Cook County Health and Hospitals System
Minutes of the Board of Directors Meeting
March 28, 2014

ATTACHMENT #2

COOK COUNTY HEALTH AND HOSPITALS SYSTEM
ITEM IV(B)
MARCH 28, 2014 BOARD OF DIRECTORS MEETING
CONTRACTS AND PROCUREMENT ITEMS

Request #	Vendor	Service or Product	Fiscal impact not to exceed:	Affiliate / System	Begins on Page #
Authorization to Negotiate and Execute Contract					
1	IlliniCare Health Plan, Inc.	Third Party Administrator, Managed Care, Clinical Services	\$1,795,970,071.00	Managed Care	2
Increase Contracts					
2	Automated Health Systems	Service - Third Party Administrator	\$60,000,000.00	Managed Care	4
3	Catamaran	Service - Pharmacy Benefit Management Services	\$50,000,000.00	Managed Care	5
Extend and Increase Contracts					
4	PsychHealth, Ltd.	Service - Behavior Health Management	\$7,500,000.00	Managed Care	6
5	MHNU Corporation d/b/a Medical Home Network	Service - Care Management Analytics for CountyCare	\$3,183,740.00	Managed Care	7

Cook County Health & Hospitals System

BOARD APPROVAL REQUEST

SPONSOR: NA		EXECUTIVE SPONSOR: Steven Glass, Executive Director, Managed Care <i>Steven Glass</i>	
DATE: 03/28/2014		PRODUCT / SERVICE: Third Party Administrator, Managed Care, Clinical Services	
TYPE OF REQUEST: Authorization to negotiate and execute contract		VENDOR / SUPPLIER: IlliniCare Health Plan, Inc., Westmont, IL	
ACCOUNT: See New Proposal Justification below		GRANT FUNDED /RENEWAL AMOUNT: N/A	
CONTRACT PERIOD: 60 months from Contract Effective Date		CONTRACT NUMBER: H14-25-018	
<input checked="" type="checkbox"/>	COMPETITIVE SELECTION METHODOLOGY: See Selection Process below		
<input type="checkbox"/>	NON-COMPETITIVE SELECTION METHODOLOGY: N/A		

PRIOR CONTRACT HISTORY:

There is no prior contract history for this vendor.

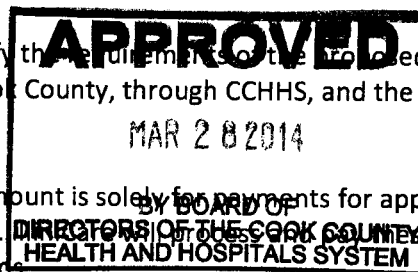
NEW PROPOSAL JUSTIFICATION:

CountyCare is a demonstration project that began operations in late 2012 to early enroll newly eligible adults into Medicaid under the Affordable Care Act (ACA) and is integral to the transformation of the Cook County Health & Hospitals System (CCHHS). With the temporary demonstration project set to expire on June 30, 2014, CCHHS will transition CountyCare to an Illinois managed care entity.

Under this proposed contract, IlliniCare Health Plan, Inc. (IlliniCare) will provide managed care expertise and services as well as business support for the operations of CountyCare. The funds to pay for this contract and the services provided to CountyCare members originate from the Federal government under the Affordable Care Act (ACA).

Also under this proposed contract, IlliniCare will be obligated to satisfy the requirements of the proposed County Managed Care Community Network (MCCN) agreement between Cook County, through CCHHS, and the Illinois Department of Healthcare and Family Services (HFS).

It is significant to note that an estimated 66% of the not-to-exceed amount is solely for payments for approved care, services and pharmaceuticals provided to CountyCare members. IlliniCare will not retain any portion of these funds.



The proposed contract consolidates and transitions three existing contracts for: claims processing and payment, provider and member services; behavioral health benefits management services; and, pharmacy benefits management services into one. Additionally, on January 1, 2014, Illinois added optometry benefits for Medicaid recipients. Accordingly, the contract now includes optometry benefits management services.

Services to be provided through this contract for CountyCare members are: **Request #**
1

- a. **Administrative Services.** IlliniCare will serve as the Third Party Administrator (TPA) providing the day-to-day administrative operations of CountyCare. These include, but are not limited to: claims adjudication,

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processing and payment; financial reporting and support; provider and member services; provider and member hotline; and CountyCare web site hosting and maintenance. These and similar administrative functions total 11.8% or an estimated \$212,744,000 over the five-year contract term. These costs are calculated on a per member per month (PMPM) basis assuming 115,000 members. Actual costs will vary based on monthly membership.

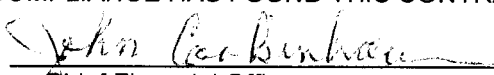
- b. **Managed Care Services and Support.** Serving as CountyCare's TPA, IlliniCare will also provide managed care services including, but not limited to, care coordination and case management; nurse hotline; quality assurance; and utilization management. These and similar managed care functions total 14.4% or an estimated \$257,646,000 over the five-year contract term. These costs are calculated on a PMPM basis assuming 115,000 members. Actual costs will vary based on monthly membership.
- c. **IlliniCare subcontracted benefits management services:** IlliniCare will subcontract for benefits management services for pharmacy, behavioral health and optometry through the existing subsidiaries' networks of IlliniCare's parent company, Centene Corp. The at-risk subcontracted services for behavioral health and optometry benefits management total 7.2% or an estimated \$129,168,000 over the five-year contract term. Costs for at-risk behavioral health and optometry benefits management services are fixed on a PMPM basis. These costs are calculated on a PMPM basis assuming 115,000 members. Actual costs will vary based on monthly membership. The estimated expenditures for pharmaceuticals and related supplies are included in the description for (d.) below.
- d. **Payments to CountyCare network providers and approved out-of-network providers:** IlliniCare will transmit payments owed by CountyCare to network providers, including contracted Federally Qualified Health Centers (FQHCs), participating hospitals, ancillary providers, pharmacies, as well as to approved out-of-network providers. These costs represent 66.6% or an estimated \$1,195,850,842 over the five-year contract term. These costs will vary depending on CountyCare member utilization.

Selection Process: On September 30, 2013, CCHHS issued a Request for Proposals (RFP #H13-0033) to support the transition from the temporary waiver program to a managed care organization. The RFP specifically requested Health Maintenance Organization (HMO) services, including, but not limited to: enrollment follow-up and member services, provider relation services, medical management services, care coordination and care management, quality assurance, member and provider surveys, claims review and payment services, financial analysis and services including actuarial, information technology systems and reporting and a behavioral health provider network. The RFP also required the ability to lease the HMO's license for various populations. After the RFP was issued, the State of Illinois added optometry as a required benefit for Medicaid recipients. In addition, during negotiations, CCHHS determined that adding pharmacy benefits to this contract further achieves the goals of the RFP.

TERMS OF REQUEST:

This is a request to execute contract number H14-25-018 in an amount not to exceed \$1,795,970,071.00 for a period of sixty (60) months Contract Effective Date.

CONTRACT COMPLIANCE HAS FOUND THIS CONTRACT RESPONSIVE: Pending

CCHHS CFO: 
John Cookinham, Chief Financial Officer

CCHHS CEO: 
Ram Raju, M.D. Chief Executive Officer

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Cook County Health & Hospitals System

BOARD APPROVAL REQUEST

SPONSOR: N/A		EXECUTIVE SPONSOR: Steven Glass, Executive Director of Managed Care	
DATE: 02/27/2014		PRODUCT / SERVICE: Service – Third Party Administrator	
TYPE OF REQUEST: Increase Contract		VENDOR / SUPPLIER: Automated Health System, Schaumburg, IL	
ACCOUNT: 896-260		FISCAL IMPACT NOT TO EXCEED: \$60,000,000.00	GRANT AWARD / RENEWAL AMOUNT: N/A
CONTRACT PERIOD: 12/01/2012 thru 06/30/2014		CONTRACT NUMBER: H12-25-091	
<input checked="" type="checkbox"/>	COMPETITIVE SELECTION METHODOLOGY: RFP		
<input type="checkbox"/>	NON-COMPETITIVE SELECTION METHODOLOGY: N/A		

PRIOR CONTRACT HISTORY:

The Cook County Health & Hospitals System (CCHHS) Board on 11/29/2012 approved contract number H12-25-091 for Automated Health Systems (AHS) to provide administrative and support services as a Third Party Administrator for CountyCare. Their services to CCHHS include the operation of a call center, contract management, claims review and payment. An amendment to increase the contract amount was approved by the CCHHS Board on 12/14/2012 to permit the payment of foreign claims and execute the transfer of claims payments to outside providers. The Board approved an amendment on 11/22/2013 to pay for additional deliverables for Third Party Administrative services and funding for claims payments. The contract was extended and increased on 12/13/2013 for Third Party Administrative services and claims payments.

NEW PROPOSAL JUSTIFICATION:

CountyCare, as an 1115 waiver demonstration project, ends 06/30/2014. During the second quarter of 2014 County Care will transition to a Managed Care Community Network (MCCN). This amendment is for funding to allow Automated Health System (AHS) to process claims payments. There are no additional administrative expenses in this request. This will bring the total contract spend to \$186,290,612.00.

TERMS OF REQUEST:

This is a request to increase contract number H12-25-091 in an amount not to exceed \$60,000,000.00, as needed for claims payment, from 04/01/2014 thru 06/30/2014.

CONTRACT COMPLIANCE HAS FOUND THIS CONTRACT RESPONSIVE: Yes

CCHHS CBO: Anthony Rajkumar
Anthony Rajkumar, Chief Business Officer

CCHHS CFO: John Cookinham
John Cookinham, Chief Financial Officer

CCHHS CEO: Ram Raju
Ram Raju, M.D., Chief Executive Officer

APPROVED

MAR 28 2014

BY BOARD OF
DIRECTORS OF THE COOK COUNTY
HEALTH AND HOSPITALS SYSTEM

Request #

2

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BOARD APPROVAL REQUEST

SPONSOR: N/A		EXECUTIVE SPONSOR: Steven Glass, Executive Director of Managed Care	
DATE: 03/04/2014		PRODUCT / SERVICE: Service – Pharmacy Benefit Management Services	
TYPE OF REQUEST: Increase Contract		VENDOR / SUPPLIER: Catamaran, Lisle IL	
ACCOUNT: 896-260		FISCAL IMPACT NOT TO EXCEED: \$50,000,000.00	GRANT AWARD / RENEWAL AMOUNT: N/A
CONTRACT PERIOD: 02/01/2013 thru 06/30/2014		CONTRACT NUMBER: H13-25-017	
<input checked="" type="checkbox"/>	COMPETITIVE SELECTION METHODOLOGY: RFP		
<input type="checkbox"/>	NON-COMPETITIVE SELECTION METHODOLOGY: N/A		

PRIOR CONTRACT HISTORY:

The Cook County Health & Hospitals System (CCHHS) Board approved contract number H13-25-017 to allow Catamaran to provide pharmacy benefit management services for CountyCare, including prior authorization of pharmaceuticals, access to network pharmacies and adjudication and payment of claims. The contract was increased on 05/14/2013 to fund claims payment to outside vendors. An additional amendment to increase this contract was approved by the CCHHS Board on 11/22/2013 to provide additional funding for administrative costs and claims payment to outside vendors. On 12/13/2013, the CCHHS Board approved the latest amendment to extend the contract through 06/30/2014 and increase the contract amount.

NEW PROPOSAL JUSTIFICATION:

CountyCare, as an 1115 waiver demonstration project, ends 06/30/2014. During the second quarter of 2014, CountyCare will transition to a Managed Care Community Network (MCCN). This amendment is for funding to allow Catamaran to process claims payments. There are no additional administrative expenses in this request. This contract increase will bring the total contract spend to \$108,810,689.50.

TERMS OF REQUEST:

This is a request to increase contract number H13-25-017 in an amount not to exceed \$50,000,000.00 as needed for claims payment, from 04/01/2014 thru 06/30/2014.

CONTRACT COMPLIANCE HAS FOUND THIS CONTRACT RESPONSIVE: Yes

CCHHS CBO:

Anthony Rajkumar, Chief Business Officer

CCHHS CFO:

John Cookinham, Chief Financial Officer

CCHHS CEO:

Ram Raju, M.D., Chief Executive Officer

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MAR 28 2014

BY BOARD OF
DIRECTORS OF THE COOK COUNTY
HEALTH AND HOSPITALS SYSTEM

Request #

3

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BOARD APPROVAL REQUEST

SPONSOR: N/A		EXECUTIVE SPONSOR: Steven Glass, Executive Director of Managed Care <i>Steven Glass</i>	
DATE: 03/10/2014		PRODUCT / SERVICE: Service – Behavioral Health Management	
TYPE OF REQUEST: Extend & Increase Contract		VENDOR / SUPPLIER: PsychHealth, Ltd., Evanston IL	
ACCOUNT: 896-360		FISCAL IMPACT NOT TO EXCEED: \$7,500,000.00	
CONTRACT PERIOD: 12/15/2012 thru 06/30/2014		GRANT AWARD / RENEWAL AMOUNT: N/A	
CONTRACT NUMBER: H13-25-006			
<input checked="" type="checkbox"/>	COMPETITIVE SELECTION METHODOLOGY: RFP		
<input type="checkbox"/>	NON-COMPETITIVE SELECTION METHODOLOGY: [SOLE SOURCE] N/A		

PRIOR CONTRACT HISTORY:

The Cook County Health and Hospitals System Board approved this contract on 12/14/2012 for the services of a behavioral health management organization to provide and manage a network of behavioral health providers for the CountyCare demonstration project being implemented under the Section 1115 Waiver. PsychHealth, Ltd responded to an RFP and is experienced in providing managed behavioral health services to Medicaid recipients. Under a risk, capitation agreement, the contractor handles member and provider relations, claims, quality improvements, credentialing, behavioral health provider contracting and other required functions. On 12/13/2013, the CCHHS Board approved a request to extend the contract term through 04/30/2014.

NEW PROPOSAL JUSTIFICATION:

CountyCare, as an 1115 waiver demonstration project, ends 6/30/2014. During the 2nd quarter of 2014, CountyCare will transition to a Managed Care Community Network (MCCN). This amendment is specifically to allow for PsychHealth, through administrative services only (ASO), to provide medical management, care coordination and claims payment through 06/30/2014. This contract extension will provide additional funding necessary to cover the scope of this work. This will increase the total contract spend to \$18,820,449.00

TERMS OF REQUEST:

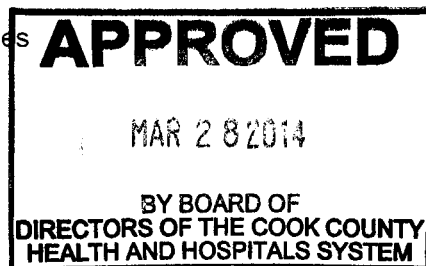
This is a request to extend and increase contract number H13-25-006 in an amount not to exceed \$7,500,000.00, as needed, (\$2,400,000.00 administrative services and \$5,100,000.00 claims payment) from 04/01/2014 thru 06/30/2014.

CONTRACT COMPLIANCE HAS FOUND THIS CONTRACT RESPONSIVE: Yes

CCHHS CBO: *Anthony Rajkumar*
Anthony Rajkumar, Chief Business Officer

CCHHS CFO: *John Cookinham*
John Cookinham, Chief Financial Officer

CCHHS CEO: *Ram Raju*
Ram Raju, M.D., Chief Executive Officer



Request #

4

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BOARD APPROVAL REQUEST

SPONSOR: N/A		EXECUTIVE SPONSOR: Steven Glass, Executive Director of Managed Care	
DATE: 03/10/2014		PRODUCT / SERVICE: Service – Care Management Analytics for County Care	
TYPE OF REQUEST: Extend & Increase Contract		VENDOR / SUPPLIER: MHNU Corporation dba Medical Home Network, Waukesha, WI	
ACCOUNT: 896-260	FISCAL IMPACT NOT TO EXCEED: \$3,183,740.00	GRANT AWARD / RENEWAL AMOUNT: N/A	
CONTRACT PERIOD: 01/01/2013 thru 06/30/2014		CONTRACT NUMBER: H13-25-005	
COMPETITIVE SELECTION METHODOLOGY:			
<input checked="" type="checkbox"/> NON-COMPETITIVE SELECTION METHODOLOGY: Sole Source			

PRIOR CONTRACT HISTORY:
The Cook County Health and Hospitals System Board approved the Medical Home Network (MHN) contract on 12/14/2012 for project management and oversight as well as portal connectivity, management and maintenance. MHN has delivered advance care management analytics to support proactive care management for CountyCare's high risk population. On 12/13/2013, the CCHHS Board approved a no cost extension of the contract through 06/30/2014.

NEW PROPOSAL JUSTIFICATION:
CountyCare, as an 1115 waiver demonstration project, ends 6/30/2014. During the second quarter of 2014 CountyCare will transition to a Managed Care Community Network (MCCN). This amendment is specifically for funding to allow services for the Managed Care Coordinated Network (MCCN). Medical Home Network has agreed to provide analytic services and MHNConnect Portal access through 11/30/2015. This will increase the total contract spend to \$6,131,500.00.

TERMS OF REQUEST:
This is a request to extend and increase contract number H13-25-005 in an amount not to exceed \$3,183,740.00, as needed, for administrative services from 04/01/2014 thru 11/30/2015.

CONTRACT COMPLIANCE HAS FOUND THIS CONTRACT RESPONSIVE: Yes

CCHHS CBO: Anthony Rajkumar
Anthony Rajkumar, Chief Business Officer

CCHHS CFO: John Cookinham
John Cookinham, Chief Financial Officer

CCHHS CEO: Ram Raju
Ram Raju, M.D., Chief Executive Officer

APPROVED

MAR 28 2014

BY BOARD OF
DIRECTORS OF THE COOK COUNTY
HEALTH AND HOSPITALS SYSTEM

Request #
5

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Cook County Health and Hospitals System
Minutes of the Board of Directors Meeting
March 28, 2014

ATTACHMENT #3



countycare

CountyCare Overview & Infrastructure Transition

Prepared for: CCHHS Board of Directors, 3/28/2014

Steven Glass, Executive Director of Managed Care
312.864.1147 | sglass@cookcountyhhs.org

Today



- CountyCare
- Financial Impact @ CCHHS
- Infrastructure & Benefits Management
- Contract Expense Overview
- Summary

CountyCare

CountyCare Scope



- Key part of CCHHS' "4Ps"
 1. Provider
 2. Plan
 3. Payer
 4. Population Management
- Health insurance for approved members
- Access to Medicaid-approved benefits through geographically accessible network

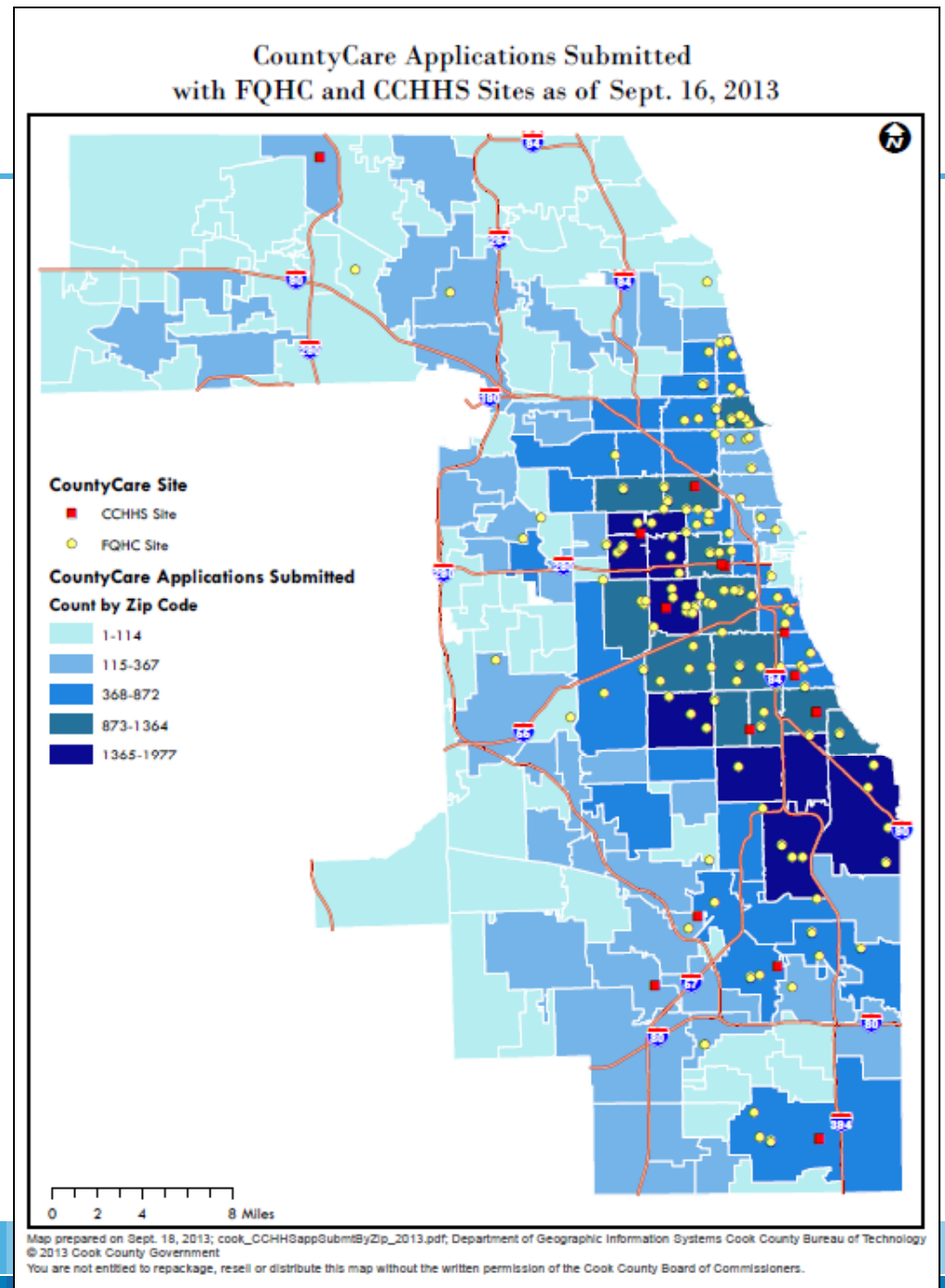
CountyCare Scope



- Vision: One Plan, Multiple Products allowing members to stay with provider and plan
 - Medicaid: Affordable Care Act (ACA) Adults, Family Health Plans, Seniors & Persons with Disabilities (SPDs)
 - Private: Marketplace, Individuals, Small Businesses
- No jobs lost or supplanted within CCHHS when CountyCare was implemented
- CountyCare *requires* partnering with non-CCHHS providers to meet members needs across a broad geography

CountyCare

- CMS 1115 Waiver Given to IL Medicaid
 - Early access to Medicaid health insurance for ACA-eligible persons
 - Letter dated 10/26/2012; Operational 2/1/2013; Two extensions until 6/30/2014
- Safety-net Primary Care Provider Network
 - CCHHS & Federally Qualified Health Centers (FQHCs) primary care network (138 sites)
 - 38 Hospitals; 6 Academic Medical Centers
 - Dozens of Ancillary providers



- **Applications** (data as of 3/25/2014)

- 147,349 applications initiated
- 118,851 applications submitted
- 87,325 applications approved

- **Payment Processing**

(data as of 2/28/2014; excludes pharmacy and behavioral health)

- 567,784 claims processed
 - 266,543 (47%) from CCHHS
- \$43,935,711 actual payments made to non-CCHHS providers on claims for members to date

Next Phase of CountyCare



- In order for CountyCare to continue, we must establish ourselves as a County Managed Care Community Network (MCCN)
 - Under contract to State of Illinois, Department of Healthcare and Family Services (HFS)
 - Definitively establishes one of the “Ps” = Plan
 - More requirements than Waiver
 - Requires more infrastructure than Waiver

Phases of CountyCare

1115 Waiver Demonstration Project

- Until 6/30/2014
- IL Medicaid Program operated by CCHHS
- Governed by CMS Waiver granted to State of Illinois

Medicaid MCCN Plan

- Beginning 7/1/2014
- IL Medicaid Health Plan operated by CCHHS
- Governed by MCCN Contract with State of Illinois
- ACA Adults & Other Medicaid Populations

"Mature" Managed Care Health Plan

- 2015 and beyond
- Multiple products in Medicaid
- ACA Health Insurance Exchange, and/or other Commercial Products
- Health Insurance Exchange consistent with continuum of coverage

CountyCare Financial Impact @ CCHHS

PMPM Risk Scenarios

CCHHS assumes full-risk for payment of managed care services provided to CountyCare members.

**If aggregate PMPM spending
> \$632.48**

- Amount allocated to previously unfunded CCHHS-provider services is not maximized.

**If aggregate PMPM spending
< \$632.48**

- Amount allocated to previously unfunded CCHHS-provider services is maximized.

In either case, CCHHS is now receiving compensation for care provided to CountyCare members who we previously treated without reimbursement.

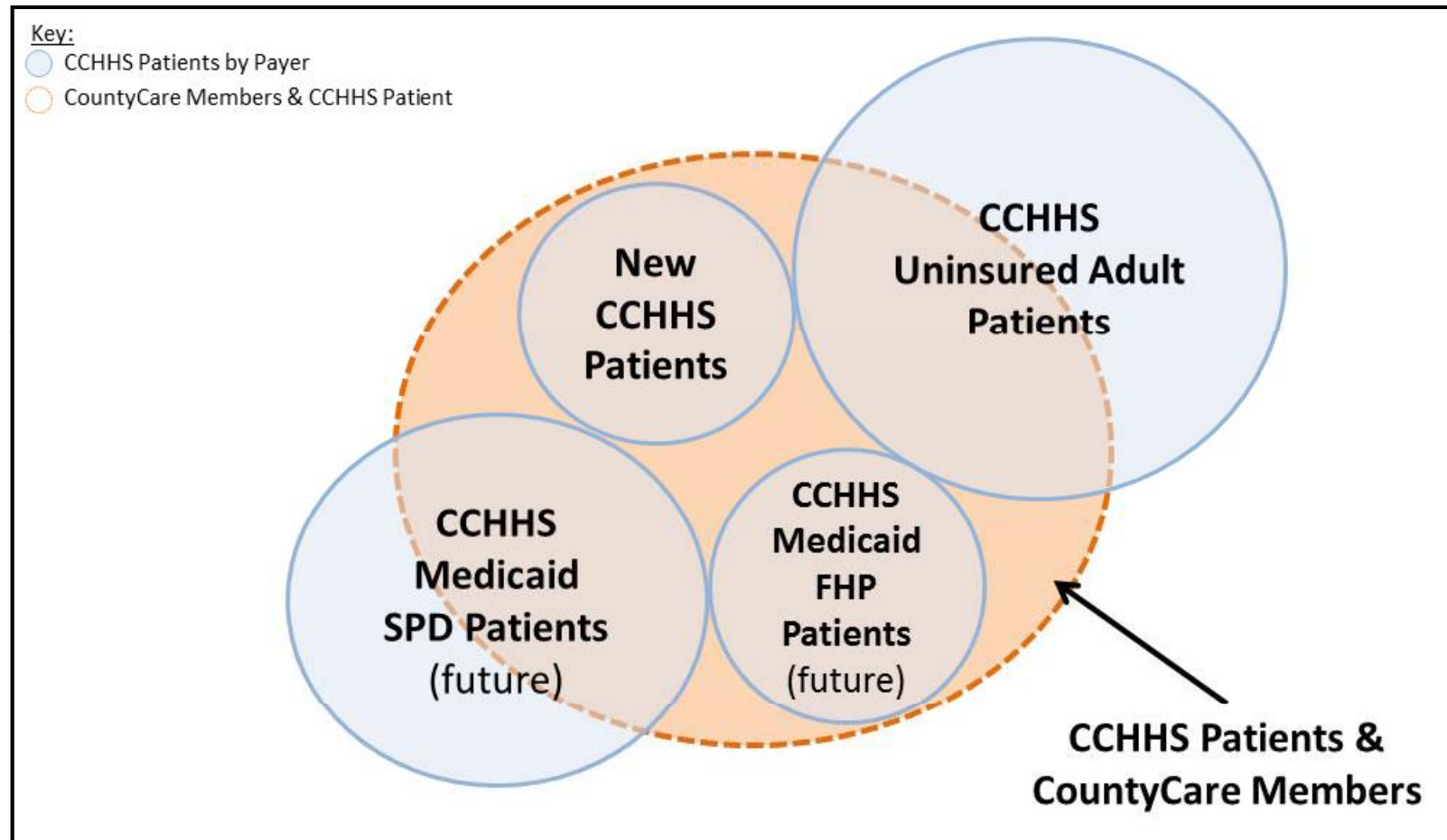
Consistent with our mission, we are also expanding access to care through our network partners significantly beyond that which CCHHS could have provided alone.

Determining Financial Risk

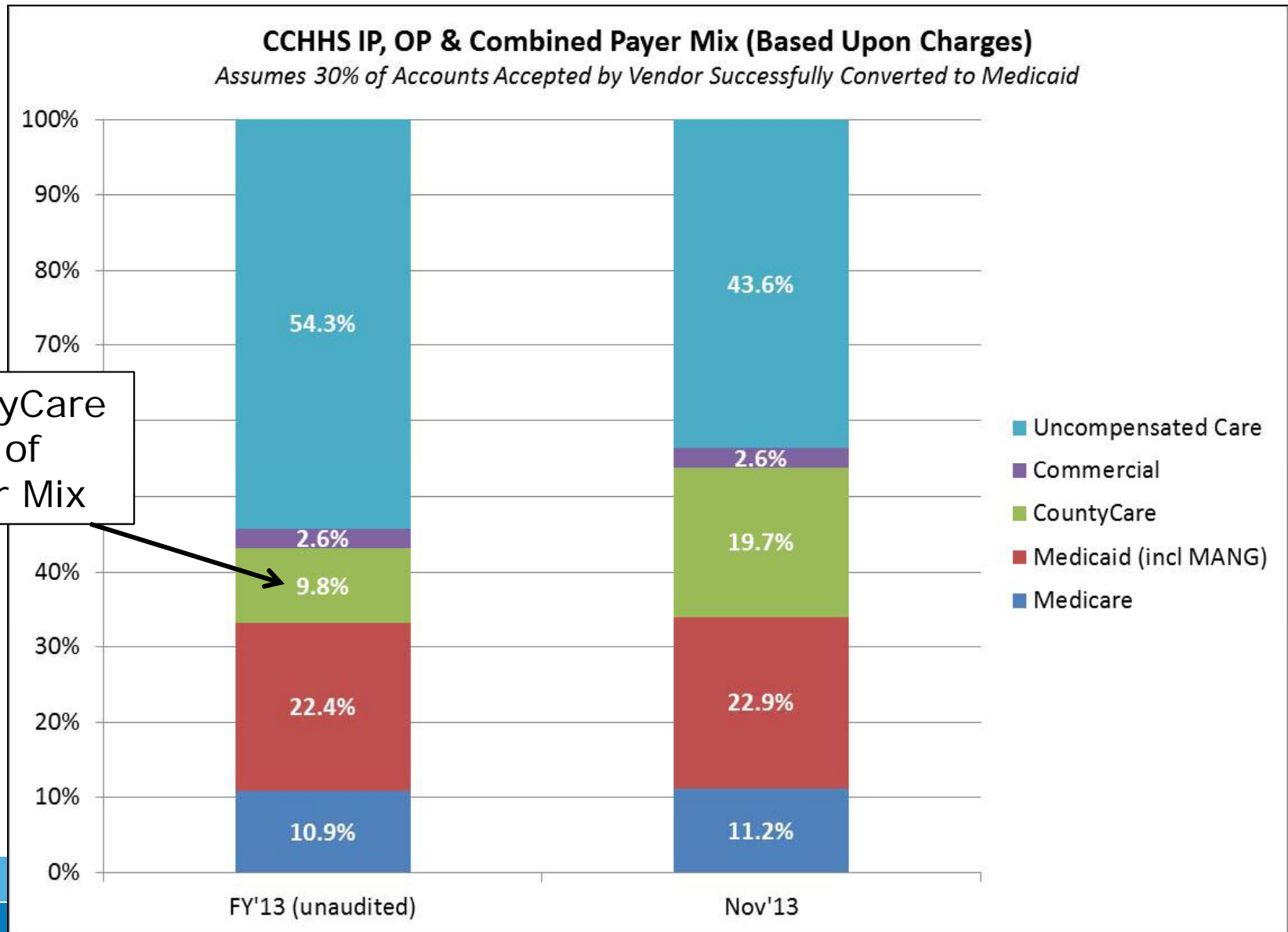


- “Trifecta” of reasons why Incurred But Not Recorded (IBNR) difficult to calculate:
 - 1) Delays in getting applications processed (members not yet known)
 - 2) Rapid month-to-month growth in membership (unstable utilization; 5,000 added in March alone)
 - 3) 12 Months to file claim for payment
- Aggressively working to develop IBNR

CountyCare Members @ CCHHS







CountyCare Payer Mix Impact



CountyCare Infrastructure & Benefits Management



Current State

for dates of services prior to 6/1/2014

	Vendor	Function(s)
TPA		<ul style="list-style-type: none"> • Clinical Care Coordination, Utilization & Disease Management • Claims Processing & Payment • Member & Provider Services • Call Center & Outreach
Behavioral Health Network		<ul style="list-style-type: none"> • At-Risk Behavioral Health & Substance Abuse Benefits Management
PBM		<ul style="list-style-type: none"> • Pharmacy Benefits Management, Including Claims Processing & Payment
Connectivity & Analytics		<ul style="list-style-type: none"> • Real-time ED and Inpatient Discharge Notification • Health Plan Analytics

Proposed State

for dates of services beginning 6/1/2014

	Vendor	Function(s)
TPA		<ul style="list-style-type: none"> Clinical Care Coordination, Utilization & Disease Management Claims Processing & Payment Member & Provider Services
Behavioral Health Network		<ul style="list-style-type: none"> At-Risk Behavioral Health & Substance Abuse Treatment Services
PBM		<ul style="list-style-type: none"> Pharmacy Benefits Management, Including Claims Processing & Payment
Optometry		<ul style="list-style-type: none"> Optometry is a new Medicaid benefit as of 1/1/2014. At-risk services/network provided by TPA.
Connectivity & Analytics		<ul style="list-style-type: none"> Real-time ED and Inpatient Discharge Notification Health Plan Analytics
Care Coordination	Anticipated MHN ACO	<ul style="list-style-type: none"> LOI Framework for future contract Builds upon MHN partnership to integrate care coordination in provider practices.

"MHN ACO" Letter Of Intent

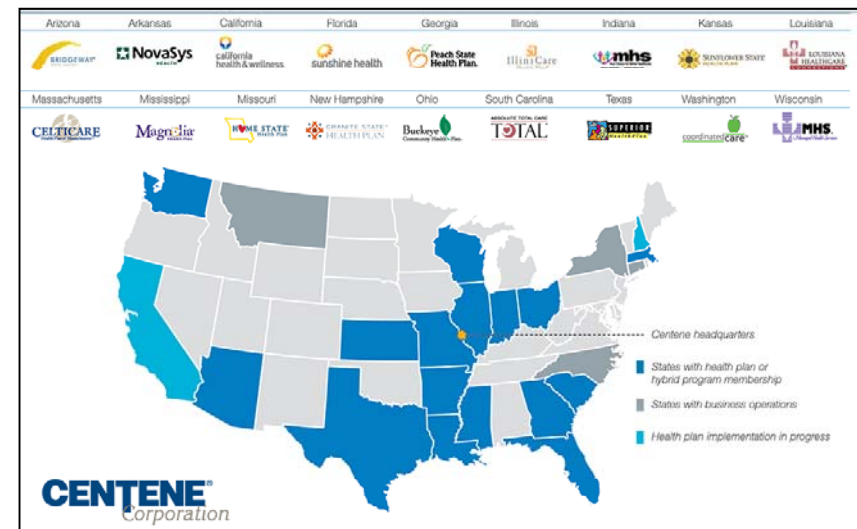


- Provided for informational purposes only.
- CCHHS and MHN have established a Letter of Intent (LOI) establishing the principles and framework for a future contract.
- Principles establish structural relationship between organizations and defines initial financial terms.
- MHN providers have until 5/15/2014 to form new entity.

IlliniCare Health Plan



- Wholly owned subsidiary of Centene Corporation (Fortune 300 company)
 - 2.4 million lives covered nationally
 - Exclusively government-sponsored plans
- Vertically integrated service delivery and information management
 - Capacity to leverage additional networks should benefits expand.



IlliniCare Contract Overview



- Obligates IlliniCare to satisfy the requirements of the proposed County MCCN.
- Provides managed care expertise and services as well as business support for the operations of CountyCare.
- Provides pharmacy, behavioral health and optometry benefits management services (through subcontracts).

Other Key Contract Terms



- MBE WBE Compliance (responsive)
- 3-day Termination for Convenience
- Pass Site Readiness Review
- 2% performance withhold
- Flexibly to accommodate adding Medicaid FHP and SPD populations

Contract Management Approach



- Report Key Performance Indicators (KPIs) as appropriate to the CCHHS Board, and Finance, Quality and Patient Safety, and Audit Committees
- Joint working committees with CCHHS oversight
- Monitor & manage implementation plan targets
- Review monthly claims histories
- Review monthly utilization reports in all categories
- Conduct weekly operations meetings

IlliniCare Contract Expense Overview

Expenses by Category

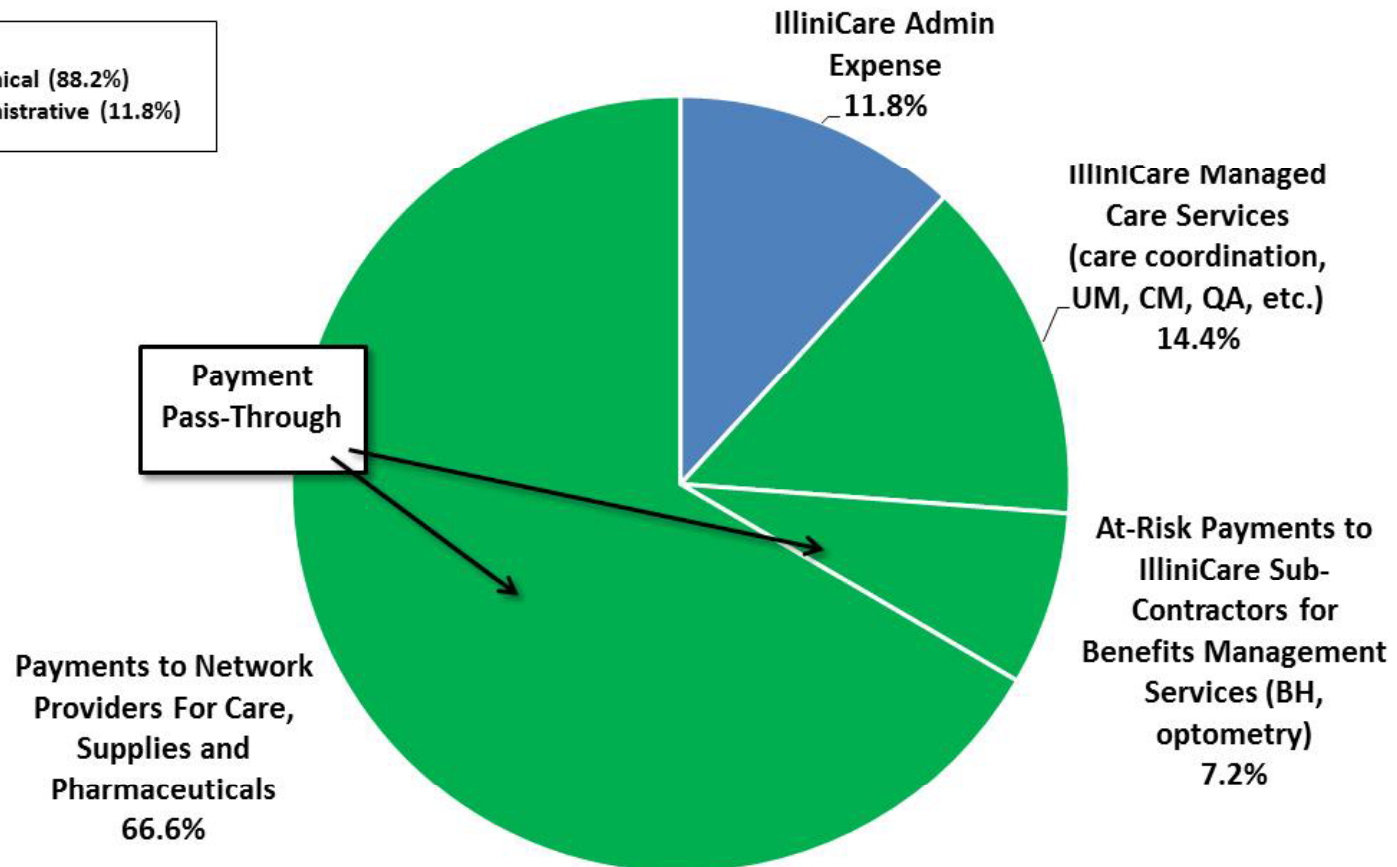
All costs assume 115,000 member lives

88.2% Clinical 11.8% Administrative

KEY:

Green = Clinical (88.2%)

Blue = Administrative (11.8%)

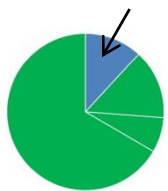


Admin & Managed Care Services



Administrative Services

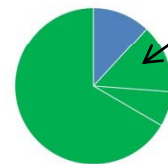
- Claims adjudication
- Processing and payment
- Financial reporting & support
- Provider and member services
- Provider and member hotline
- <http://www.countycare.com> web site hosting and maintenance as required by MCCN.



*These and similar administrative services total **11.8%** of the total not-to-exceed contract amount.*

Managed Care Services

- Care coordination and case management
- Nurse hotline
- Quality assurance
- Utilization management



*These and similar managed care functions total **14.4%** of the total not-to-exceed contract amount.*

Benefits Management Services

At-Risk Behavioral Health Benefits Management (Cenpatico)

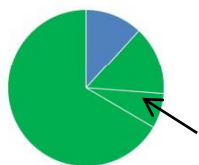
- Contracted network of behavioral health providers to whom CountyCare members can be referred for treatment.
- These costs represent **5.8%** of the total not-to-exceed amount.

At-Risk Optical Benefits Management (OptiCare)

- Optometry added as new Illinois Medicaid 1/1/2014
- Contracted network of optical providers to whom CountyCare members can be referred for treatment.
- These costs represent **1.4%** of the total not-to-exceed amount.

Pharmacy Benefits Management (US Scripts)

- Contracted network of pharmacies, including CCHHS pharmacies
- 1.4% of the total not-to-exceed contract amount will be paid as pharmacy administrative fees and included in 11.2% Admin Total.
- Cost of pharmaceuticals are included in 66.6% of network provider costs.

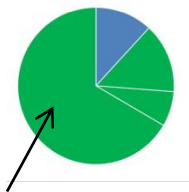


*Combined, these at-risk services total **7.2%** of the total not-to-exceed contract amount.*

Care, Supplies & Pharmaceuticals



- Claims Adjudication & Payments of all claims for care provided to members
- Pass-through payments to providers for approved care, supplies and pharmaceuticals provided to CountyCare members
- Providers have 12 months to file claims.
- No cash exchanged between IlliniCare and CCHHS for services provided by CCHHS.



*This function alone totals **66.6%**
(51.2% clinical services + 15.4%
pharmaceuticals) of the not-to-exceed
contract amount.*

Key Pricing Factors

- Pricing comparable to existing vendors, CCHHS budget and HFS expectations.
- IlliniCare & subcontractor payments are both fixed (per category) and variable (based on membership)
- Pass-through payments to providers of care are 100% variable based on member utilization (66.6% of total contract cost)
- No guarantee of cost except for at-risk subcontracts

Summary

Summary



- CountyCare (“Plan”) is a key component of “4Ps” vision
- CountyCare is transition from a demonstration project to Medicaid managed care health plan 7/1/2014
 - More requirements = Need for more infrastructure
- PMPM risk limited to extent external payments exceed premium

Summary

- CCHHS and MHN ACO Letter of Intent provides framework for future partnership
- Current vendor requests for extensions and increases needed for continuity of services through transition
- Seeking authority to negotiate & execute contract with IlliniCare
 - 88.2% clinical/11.8% administrative
 - 66.6% is pass-through for care, supplies and pharmaceuticals